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CENTRAL INTELLIGENCE AGENCY
WHITE HOUSE SUPPORT STAFF

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DIRECTOR: WHITE HOUSE SITUATION ROOM

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25X1 SUBJECT: Great Britain--Defense Spending Cuts May Involve
Troop Withdrawals

An unidentified British official told reporters yesterday that Labor party plans for defense spending cuts include a likely pullout from southeast Asia. The high level official also said that the plans call for troop and naval cut backs in Europe.

The government official indicated the cuts would almost certainly include a complete military withdrawal from Singapore and southeast Asia. Other government sources said there were no immediate plans to pull British forces out of Hong Kong.

25X1 While a decision to pull troops out of Asia would be in line with other available reporting, a unilateral decision to reduce NATO committed troops in Europe at this time is contrary to other available information. A ministry of defense source reported in March that the

UK would look for places to cut defense spending, starting in the Pacific--its lowest priority area. The cycle would then move to the Middle East, the Mediterranean, and finally NATO and Great Britain itself.

The Labor government is taking a hard look at its NATO forces, and has expressed a determination to bring defense spending--in terms of percent of gross national product--more in line with that of its European NATO allies. Most reporting indicates that reductions in NATO related defense spending would more likely affect equipment modernization and development programs, rather than troop cuts. One defense official told the US embassy earlier this week that the defense ministry is trying to cost out defense decisions on a 10-year basis, and force the military services to make strategic decisions in the process.

Senior defense ministry officials indicated last week that NATO continues to be the linchpin of British defense, but UK commitments to NATO and capabilities to discharge them are being examined. The officials said there were no "sacred cows," but none have been condemned. Another official said the defense ministry is looking at a wide range of options to present to ministers, possibly in early July. A certain amount of "overkill" has been built in so that ministers will have the widest possible choices. It is likely that the UPI release came from discussion on one or more of these options.